APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 72-1289

James D. Hodgson, Secretary of Labor,
United States Department of Labor,

Appellee,

versus

E. E. Falk, individually and as a partner in
Drucker & Falk, et als.,

Appellants.

Appeal from the United States District Court for the
Eastern District of Virginia, at Newport News.
Richard B. Kellam, District Judge.

Argued August 30, 1972. Decided September 11, 1972.

Before Haynsworth, Chief Judge and Craven and Russell,
Circuit Judges.

Per Curiam:

We find that the District Judge clearly recognized that the question of the allowance of pre-judgment interest was

one addressed to his discretion, and that we had affirmed its denial in another case arising under the Fair Labor Standards Act. *Mayhew* v. *Wirtz*, 4 Cir., 413 F.2d 658.

We find no abuse of discretion in the allowance of such interest in this case.

Affirmed.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Newport News Division

Civil Action No. 12-69-NN

GEORGE P. SHULTZ, Secretary of Labor,
United States Department of Labor,
Plaintiff,

v.

E. E. FALK, Individually and as a partner in
Drucker & Falk, et als.,
Defendants.

OPINION

This suit was commenced January 30, 1969 by complaint of the Secretary of Labor against E. E. Falk and others, individually and as partners in Drucker & Falk. The defendants engaged in a real estate enterprise, were charged with failure to pay certain of their employees the minimum wage as set out in the Fair Labor Standards Act, 29 U.S.C. § 201 et seq. Upon a stipulation of the facts, this Court found in favor of defendants. 312 F.Supp. 608. The government appealed. The United States Court of Appeals for the Fourth Circuit reversed and remanded for entry of a judgment. 439 F.2d 340. The government now contends that the award to employees of Falk on whose behalf it sued should carry interest at the rate of 6% per annum running from the median date of each employee's period of employ-

ment. The issue of pre-judgment interest was before the United States Court of Appeals for the Fourth Circuit in *Mayhew* v. *Wirtz*, 413 F.2d 658 (1969), where the Court said, "the trial court has broad discretion to fashion its decree according to the circumstances of each case," and "the district court did not abuse its discretion in refusing to award pre-judgment interest." Such a holding is consistent with this Court's opinion in *Wirtz* v. *Old Dominion Corp.*, 286 F.Supp. 378 (1968), in a suit filed by the Secretary pursuant to Section 216(c) of the Fair Labor Standards Act. In *Old Dominion* we held that pre-judgment interest should not be recovered under the facts of that case, citing *Ahearn* v. *Holmes Electric Protective Co.*, 110 F.Supp. 822 (S.D. N.Y. 1953); *Addison* v. *Huron Stevedoring*, 204 F.2d 88 (2d Cir 1953). In those cases neither pre-judgment interest nor liquidated damages were allowed. Cf. *Foremost Dairies* v. *Ivey*, 204 F.2d 186 (5th Cir. 1953). The *Old Dominion* decision has been recently followed in *Hodgson* v. *Daisy Manufacturing Company*, 317 F.Supp. 538 (W.D. Ark. 1970). There, Senior Judge Miller went into fairly extensive detail concerning the question. Initially, he points out that Section 17 of the Fair Labor Standards Act (the Act) does not provide for the recovery of liquidated damages for delay or for interest. The United States Supreme Court has held, however, that

> the failure to mention interest in statutes which create obligations has not been interpreted by this Court as manifesting an unequivocal congressional purpose that the obligation shall not bear interest. . . . [I]n the absence of an unequivocal prohibition of interest on such obligations, this Court has fashioned rules which granted or denied interest on particular statutory obligations by an appraisal of the congressional purpose

in imposing them and in the light of general principles deemed relevant by the Court.

. . .

[A] persuasive consideration in determining whether such obligations shall bear interest is the relative equities between the beneficiaries of the obligation and those upon whom it has been imposed. And this Court has generally weighed these relative equities in accordance with the historic judicial principles that one for whose financial advantage an obligation was assumed or imposed, and who has suffered actual money damages by another's breach of that obligation, should be fairly compensated for the loss thereby sustained. *Rodgers* v. *United States*, 332 U.S. 371, 393 (1947).

In *Brooklyn Savings Bank* v. *O'Neil*, 324 U.S. 697 (1944), the Supreme Court held that it was improper to award interest under Section 16(b) of the Act because an employee could obtain liquidated damages thereunder and that interest and liquidated damages *serve the same function*. Seventeen years after *Brooklyn Bank*, Congress amended the Act to deny liquidated damages as compensation in a suit brought under Section 17 of the Act. It may not be unreasonable to assume that in doing so, Congress was likewise expressing an unequivocal intent to deny pre-judgment interest in suits brought under Section 17 as well. In Conference Report No. 327, a statement by the managers of the amendments on the part of the House of Representatives, the authors stated:

The committee of conference adopted provisions (secs. 16(b) and (17)) contained in the Senate amendment but not in the House bill, dealing with enforcement of

> the minimum wage and overtime pay requirements of the act. Under these provisions, the Federal district courts would be authorized, in injunction actions brought by the Secretary of Labor, to issue court orders requiring employers to cease unlawful withholding of minimum wages and overtime compensation found by the court to be due to employees under the act. *In such actions only the minimum wages and overtime pay found due under the act may be awarded* and no award shall be made of any additional amount as liquidated damages. *2 U.S. Code Cong. and Admin. News,* p. 1713, 87th Cong., 1st Sess. (1961). (emphasis added)

From the above, it would seem that since Congress eliminated liquidated damages, and made no reference to the allowance of interest, that Congress intended to follow the customary rule that "the failure to mention interest in statutes which create obligations has not been interpreted by this Court as manifesting an unequivocal congressional purpose that the obligation shall not bear interest." *Rodgers* v. *United States, supra.*

In *Brooklyn Bank, supra,* Mr. Justice Reed said that § 16(b) of the Act "authorizes the recovery of liquidated damages as compensation for delay in payment of sums due under the Act," and that inasmuch as Congress has fixed the liquidated damages, it was not the intent of Congress to have the employer also pay interest.

In *Hodgson* v. *Daisy Manufacturing Company,* 317 F.Supp. 538 (W.D. Ark. 1970), the Court refused to allow interest. Upon appeal, the lower court's decision was affirmed as to all issues except the failure to allow interest. *Hodgson* v. *Daisy Manufacturing Co.,* .... F.2d ...., decided

July 13, 1971 (8th Cir.). In answering the issue that the employer had acted in good faith, the Court said that "employees should not be penalized for the failure of the Secretary to prosecute diligently an action. The equities here lie with the employees." *See, Shultz* v. *Mistletoe Express Service, Inc.*, 434 F.2d 1267 (10th Cir. 1971); *Shultz* v. *Parke*, 413 F.2d 1364 (5th Cir. 1969); *Wirtz* v. *Malthor, Inc.*, 391 F.2d 1 (9th Cir. 1968).

The United States Court of Appeals for the Fourth Circuit and this Court have established the position that pre-judgment interest should be awarded where the amount of damages is reasonably ascertainable. *See, Gardner* v. *National Bulk Carriers, Inc.*, 221 F.Supp. 243 (E.D. Va. 1963), affirmed 333 F.2d 676 (4th Cir. 1964); *Robert C. Herd & Company* v. *Krawill Machinery Corporation*, 256 F.2d 946, 953-4 (4th Cir. 1968); *Chesapeake & Ohio Railway Corp.* v. *Elk Refining Co.*, 186 F.2d 30, 33 (4th Cir. 1950); *Railroad Credit Corporation* v. *Hawkins*, 80 F.2d 818 (4th Cir. 1936). In *Railroad Credit Corporation* v. *Hawkins, supra*, the Fourth Circuit cited *Spalding* v. *Mason*, 161 U.S. 375, for the proposition that "Both in law and in equity, interest is allowed on money due." 80 F.2d 818, 826 (4th Cir. 1936).

In *McClanahan, et al.* v. *Mathews*, ... F.2d ..... (6th Cir., decided April 8, 1971) the Court said:

> It is well settled that "one for whose financial advantage an obligation was assumed or imposed, and who has suffered actual monetary damages by another's breach of that obligation should fairly be compensated for the loss thereby sustained." *Rogers* v. *United States, supra*, 332 U.S. at 373. In the closely analagous situation of back pay awards in labor cases, this Court and five other courts of appeals have applied this prin-

ciple so as to allow interest from the time the claims accrued. *See Philip Carey Mfg. Co., Miami Cabinet Div.* v. *NLRB,* 331 F.2d 720, 729-31 (6th Cir. 1964), cert. denied, 379 U.S. 888, *Marshfield Steel Company* v. *NLRB,* 324 F.2d 333, 338 (8th Cir. 1963); *Reserve Supply Corp of L.I., Inc.* v. *NLRB,* 317 F.2d 785 (2d Cir. 1963); *International Brotherhood of Operative Potters* v. *NLRB,* 320 F.2d 757 (D.C. Cir. 1963); *NLRB* v. *Globe Products Corporation,* 322 F.2d 694 (4th Cir. 1963); *Revere Copper and Brass, Inc.* v. *NLRB,* 324 F.2d 132, 137 (7th Cir. 1963). The reasoning of our Court in *Philip Carey, supra,* is particularly relevant here:

> "It is recognized under our legal system that wage-earners are heavily dependent upon wages, which more often than not constitute the sole resource to purchase the necessities of life from day to day. For example, many states have enacted statutes regulating the time of payment of wages. The National Bankruptcy Act accords priority to wage claims. Many wage-earners who are deprived of their wages doubtlessly find it necessary to borrow money to sustain themselves and their families, paying rates of interest at six per cent or higher." 331 F.2d at 730. [citations omitted.]

In view of the fact that most of the circuits have awarded pre-judgment interest in cases similar to the case at bar—although there is no opinion from the Fourth Circuit directly in point—I am of the opinion that pre-judgment interest should be awarded.

At time of oral argument, counsel suggested they were in accord as to the form of order to be entered, except on the

interest claim. Counsel will therefore promptly present order for entry.

/s/ Richard B. Kellam
United States District Judge

Norfolk, Virginia

July 28, 1971

* * *

[Caption Omitted]

JUDGMENT

This matter having come before the court on the mandate of the United States Court of Appeals for the Fourth Circuit for further proceedings not inconsistent with the opinion of that court, it is hereby

Ordered, Adjudged, and Decreed that defendants, their agents, servants, and employees be, and they hereby are, permanently enjoined and restrained from withholding payment of minimum wages and overtime compensation due under the Act to their employees as listed in plaintiff's exhibit No. 2, in evidence herein, in the total amount of $26,561.09, plus interest. Defendants shall compute interest at 6 per centum per year on the amounts due as listed in the abovementioned exhibits from the median date of withholding from each person listed in exhibit No. 2, until payment.

Defendants shall deliver to plaintiff's attorneys separate checks made payable to each employee, including interest, after legal payroll deductions. Plaintiff shall distribute the monies thus collected to the persons named, or to their legal representatives, as their interests may appear, and any

sum not paid out by the plaintiff within a reasonable time (either because of inability to locate the person to whom the money is due or his legal representative, or because of such person's refusal to accept payment) shall be covered into the Treasury of the United States as miscellaneous receipts. This judgment shall not be enforced until the time has expired for defendants to seek certiorari, or until defendants' petition for a writ of certiorari is finally acted upon if such petition is timely field.

It is further ordered that court costs be taxed to defendants.

Dated this 28th day of January, 1972.

/s/ Richard B. Kellam
United States District Judge

* * *

[Caption Omitted]

NOTICE OF APPEAL

Notice is hereby given that the defendants, above named, hereby appeal to the United States Court of Appeals for the Fourth Circuit from the Opinion and Order of the Fourth Circuit granting plaintiff's claim and for pre-judgment interest entered in the cause on January 28, 1972.

E. E. Falk
A. L. Drucker
E. B. Drucker
David Falk
R. E. Smith

By /s/ E. D. David
Of Counsel

APPENDIX C

IN THE UNITED STATES SUPREME COURT

No. 70-225

E. E. Falk, individually and as partner in Drucker & Falk, et al.,

Petitioners

v.

James D. Hodgson,

Respondent.

October 12, 1971. Petition for writ of certiorari to the United States Court of Appeals for the Fourth Circuit denied.

APPENDIX D

UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

No. 14, 572

George P. Shultz, Secretary of Labor,
United States Department of Labor,
Appellant,

versus

E. E. Falk, individually and as a partner in
Drucker and Falk, et als.,
Appellees.

Appeal from the United States District Court for the
Eastern District of Virginia, at Newport News.
Richard B. Kellam, District Judge.

(Argued January 8, 1971 Decided March 3, 1971.)

OPINION AND ORDER

WINTER, Circuit Judge:

The Secretary of Labor sued for an injunction under § 17 of the Fair Labor Standards Act, 29 U.S.C.A. §§ 201, *et seq,* to enjoin defendants from violating the minimum wage, overtime, and record-keeping provisions of the Act, and to restrain them from withholding back wages owed

to their employees. Defendants are copartners carrying on a building management business and the employees concerned are maintenance workers. The district court denied relief on the grounds that the defendants were not covered by the Act during the period in question because defendants' "annual gross volume of sales made or business done" was insufficient to effect coverage and because defendants' activities did not constitute an "enterprise." The district court also concluded that defendants were not the "employer" of the maintenance workers. We think otherwise and reverse.

— I —

Defendants manage approximately thirty apartment buildings located in various cities in Virginia. In addition they engage in selling real estate and insurance. Their real estate management is carried on under contracts with the owners, some of whom are nonresidents of Virginia. Defendants advertise the availability of apartments for rent; sign, renew and cancel leases; collect rents, initiate, prosecute and settle all legal proceedings for eviction, possession of the premises and unpaid rent; make repairs and alterations; negotiate contracts for electricity, gas, fuel, water, telephone services, window cleaning, rubbish removal, repair work and other services; purchase supplies; pay all bills, including mortgage payments; prepare an operating budget for the owner's review and approval; submit periodic reports to the owner; and hire, discharge and supervise all labor and employees required for the operation and maintenance of the premises. The contracts are for specified periods, not less than a year. The owner is made responsible for all expenses except those wrongfully incurred by defendants, and the defendants hold the rent money in trust

for the owner, pay expenses out of it, and periodically remit the excess to the owner. Any excess of expenses over rents collected must be made up by the owner. As payment for their services, defendants receive a fixed percentage of gross rent receipts.[1]

To carry out their contractual management duties, defendants employ various management employees, including six area managers, and various clerical employees and rental agents, all of whom are admitted by defendants to be their employees. Defendants carry out the day-to-day operations of each project through a maintenance superintendent or project manager who is, under the supervision of the area manager, in charge of each project, and who hires, fires, and supervises the maintenance employees. Each project manager and his maintenance employees are characterized in the contract between defendants and the owner as employees of the owner, although defendants hire and fire them, promote them and make out their paychecks, for which they are reimbursed by the owners. The owners do not appear to exercise any supervisory power over the maintenance workers beyond approval or disapproval of the overall budget. The owners inspect their projects but direct their suggestions to the defendants. Occasionally, but only rarely, defendants have transferred maintenance personnel from one project to another; in each case, this was done with the knowledge of the owners. Defendants employ some maintenance personnel to work on two projects with different owners.

The owners are not parties to this suit. We are told that, viewed separately, the gross rental income of each project except one, is too small for it to be covered by the Act.

---

[1] The size of these commissions does not appear in the record, but two sample contracts were included in the stipulation of facts. One of these provided for a 4% commission and the other for a 6%.

— II —

The Secretary's complaint, filed in 1969, charged defendants with failing to pay the wages and keep the records required by the Act. The Fair Labor Standards Act requires covered employers to pay their employees a minimum wage of $1.60 an hour, with various exceptions, including lower rates for employees newly brought under the Act by the 1966 Amendments.[2] There is a time-and-a-half pay requirement for work beyond forty hours a week, with similar

---

[2] 29 U.S.C.A. § 206 provides in part:

(a) Every employer shall pay to each of his employees who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, wages at the following rates:

(1) not less than $1.40 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1966 and not less than $1.60 an hour thereafter, except as otherwise provided in this section:

* * *

(b) Every employer shall pay to each of his employees (other than an employee to whom subsection (a) (5) of this section applies) who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, and who in such workweek is brought within the purview of this section by the amendments made to this chapter by the Fair Labor Standards Amendments of 1966, wages at the following rates:

(1) not less than $1 an hour during the first year from the effective date of such amendments,

(2) not less than $1.15 an hour during the second year from such date,

(3) not less than $1.30 an hour during the third year from such date,

(4) not less than $1.45 an hour during the fourth year from such date, and

(5) not less than $1.60 an hour thereafter.

exceptions for employees recently covered.[3] Relevant record-keeping provisions are also set forth in the margin.[4]

---

[3] 29 U.S.C.A. § 207 provides in part:

(a) (1) Except as otherwise provided in this section, no employer shall employ any of his employees who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, for a workweek longer than forty hours unless such employee receives compensation for his employment in excess of the hours above specified at a rate not less than one and one-half times the regular rate at which he is employed.

(2) No employer shall employ any of his employees who in any workweek is engaged in commerce or in the production of goods for commerce, or is employed in an enterprise engaged in commerce or in the production of goods for commerce, and who in such workweek is brought within the purview of this subsection by the amendments made to this Act by the Fair Labor Standards Amendments of 1966—

(A) for a workweek longer than forty-four hours during the first year from the effective date of the Fair Labor Standards Amendments of 1966,

(B) for a workweek longer than forty-two hours during the second year from such date, or

(C) for a workweek longer than forty hours after the expiration of the second year from such date,

unless such employee receives compensation for his employment in excess of the hours above specified at a rate not less than one and one-half times the regular rate at which he is employed.

[4] 29 U.S.C.A. § 211 provides in part:

§ 211. Investigations, inspections, records, and homework regulations

* * *

(c) Every employer subject to any provision of this chapter or of any order issued under this chapter shall make, keep, and preserve such records of the persons employed by him and of the wages, hours, and other conditions and practices of employment maintained by him, and shall preserve such records for such periods of time, and shall make such reports therefrom to the Administrator as he shall prescribe by regulation or order as necessary or appropriate for the enforcement of the provisions of this chapter or the regulations or orders thereunder.

In the district court, defendants did not contend that the employees received these levels of pay, but denied that the Act applied, arguing that the coverage conditions of the Act were not satisfied. Defendants argued there and before us that they were not the "employer" of the workers at the apartment buildings within the meaning of the Act, and that their business was not an "enterprise" as required for application of the Act. In addition, they argued that their annual gross volume of sales was less than that required for application of the Act, and that they did not have "employees engaged in commerce."

The district court found for the defendants on the grounds that their annual volume of sales was insufficient, holding that the rents collected by defendants could not be included in gross sales. The court also expressed doubt that defendants were an "enterprise" within the meaning of the Act, because they acted solely as agents for apartment owners. Because defendants were the owners' agents, the district court concluded that the maintenance employees were employees of the project and not employees of defendants.[5]

Because of the two-year statute of limitations, 29 U.S.C.A. § 255(a), we are hereby concerned solely with back wages during the period after January 30, 1967, two years before the filing of the complaint.[6] In 1966, the Act was amended in ways pertinent to this case, and the amendments took effect on February 1, 1967. Thus, the 1966 amendments were in effect during all the pay periods here at issue.

---

[5] *Shultz* v. *Falk*, 312 F.S. 608 (E.D.Va. 1970).

[6] 29 U.S.C.A. § 255, as amended, provides a three-year statute of limitations for wilful violators. The complaint does not allege wilful violation.

— III —

First, we turn to defendants' contention that they are not the employers of the workers at the apartment projects. The Act states that " 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee . . . ."[7] "Employee" is defined as including "any individual employed by an employer,"[8] and "Employ" is defined as including "to suffer or permit to work."[9] These definitions are very broadly cast, and the courts have accordingly found an employment relationship for purposes of the Act far more readily than would be dictated by common law doctrines. See, *e.g., Rutherford Food Corp.* v. *McComb,* 331 U.S. 722 (1945) (workers in slaughterhouse who removed bones from carcasses held to be employees of the slaughterhouse despite the fact that in some respects their operations were conducted like those of an independent contractor;) *Southern Ry. Co.* v. *Black,* 127 F.2d 280 (4 Cir. 1942) (redcaps in railroad station held employees of the railroad despite the fact that their compensation was solely derived from tipping;) *McComb* v. *Homeworkers' Handicraft Cooperative,* 176 F.2d 633 (4 Cir. 1949), *cert. den.,* 338 U.S. 900 (1949) (piece-workers who inserted draw strings in bags for bag manufacturers held employees of manufacturers despite the fact that their pay and work was distributed through a home-workers' cooperative.) Courts have also found that workers could have joint employers for purposes of the Act. See *Mid-Continent Pipe Line Co.* v. *Hargrave,* 129 F.2d 655

[7] 29 U.S.C.A. § 203(d).
[8] 29 U.S.C.A. § 203(e).
[9] 29 U.S.C.A. § 203(g).

(10 Cir. 1942); *Durkin* v. *Waldron,* 130 F.S. 501 (W.D. La. 1955).[10]

The Second Circuit has held that rental agents may be employers, jointly with the building owners. In *Greenberg* v. *Arsenal Building Corp.,* 144 F.2d 292 (2 Cir. 1944) (per curiam), rev'd in part on other grounds, 324 U.S. 697 (1945), the Court held that a rental agent was properly found to be the employer of maintenance workers where the agent hired and supervised the workers, and paid them wages, for which it was reimbursed by the owners. The same result was reached in *Asselta* v. *149 Madison Avenue Corp.,* 65 F.S. 385 (S.D.N.Y. 1945), affirmed, 156 F.2d 139 (2 Cir.), *cert. den.,* 331 U.S. 199 (1946); in *Shultz* v. *Arnheim & Neely, Inc.,* ..... F.S. ..... (W.D. Pa. 1969), appeal docketed Nos. 18772-18774 (3 Cir.); and in *Shultz* v. *Isaac T. Cooke Co.,* ..... F.S. ..... (E.D.Mo. 1970).

It is true that building rental agencies are not as fully vested with the powers and benefits involved in being an employer as a company which owned as well as operated its buildings would be. Rental agencies, such as defendants here, are not solely responsible for the setting of wages, nor are they the sole beneficiaries of the underpayment of wages. But they may share a substantial part of these powers and benefits. Defendants either directly or indirectly hire, fire, and supervise the building workers. Within the limits of generalized and fairly long-term budgets, they set the wages of the building workers. Even the decisions behind budget allocations appear to be considerably influenced by defendants' recommendations, since defendants

[10] The possibility that the workers here may be jointly employed distinguishes *Wirtz* v. *Columbian Mutual Life Ins. Co.,* 246 F.S. 198 (W.D.Tenn. 1965), *aff'd.,* 380 F.2d 903 (6 Cir. 1967), relied on by the court below. In *Columbian Mutual,* service and custodial workers were held to be employees of the building owner. No building management company was a party.

are real estate management experts. We, therefore, have no doubt that defendants act "directly or indirectly in the interest of an employer in relation to an employee" and that the maintenance workers are "employees" of, and "employ[ed]" by, defendants within the statutory definition of the Act.

— IV —

Next, we consider defendants' contention that they are not an "enterprise" within the meaning of the Act, the operative wages and hours sections of which apply to employees "employed in an enterprise engaged in commerce or in the production of goods for commerce . . . ."[11]

"Enterprise" is defined in pertinent part as:[12]

> the related activities performed (either through unified operation or common control) by any person or persons for a common business purpose, and includes all such activities whether performed in one or more corporate or other organizational units including departments of an establishment operated through leasing arrangements, but shall not include the related activities performed for such enterprise by an independent contractor . . . .

The district court's doubts as to whether defendants and the employees involved are part of an enterprise arose from the fact that the various apartment projects do not constitute a part of defendants' establishment. Similarly, before

[11] 29 U.S.C.A. §§ 206 and 207. These sections also apply to employees "engaged in commerce or in the production of goods for commerce" without regard to the enterprise requirement. The Secretary does not argue that the workers whose wages are at issue here are themselves engaged in commerce.

[12] 29 U.S.C.A. § 203(r).

us defendants have relied heavily on authorities indicating that use of common services will not readily be held to make several otherwise independent businesses part of the same enterprise. See, *e.g.*, Senate Report No. 145, 1961 U.S. Code Cong. and Admin. News 1620, 1661-62; *Wirtz* v. *Hardin & Co.*, 253 F.S. 579 (N.D. Ala. 1964), *aff'd.*, 359 F.2d 792 (5 Cir. 1965) (per curiam) (Piggly Wiggly grocery stores not part of the same enterprise where all they had in common was certain shareholders and contracts entitling them to use the Piggly Wiggly name.) The argument is that since each building is run by its owner for a different business purpose, they cannot all have a common business purpose.

This argument was rejected by the court in *Shultz* v. *Arnheim & Neely, Inc., supra,* and we agree. It is *defendants'* activities at each building which must be held together by a common business purpose, not all the activities of all owners of apartment projects. All that the enterprise requirement entails is that the defendants maintain under "common control" or as a "unified operation" a set of "related activities" having a "common business purpose," and that their employees be employed as a part of this operation. The organization and operation of defendants' apartment management business satisfy these requirements. Defendants supervise the employees involved here through a hierarchy terminating in their central offices. The services provided are substantially similar from project to project, and have the common purpose of maintaining and operating apartment buildings. The building workers are employed in this enterprise, since they are under defendants' control and carry out its purposes. The fact that they are employed at separate buildings does not prevent their being part of the same enterprise for purposes of the Act. See § 203(r),

supra; Shultz v. *Mack Farland & Sons Roofing Co.*, 413 F.2d 1296 (5 Cir. 1969) (two corporations engaged in the same business in different areas, but controlled by the same man, held to be a single enterprise); *Witrz* v. *Barnes Grocer Co.*, 398 F.2d 718 (8 Cir. 1968) (wholesale and retail grocery stores with substantially overlapping ownership held to be a single enterprise). Nor do we think that the building employees are removed from defendants' enterprise by the fact that some control over the employees may be exercised by the owners, or the fact that the employes' work under the contracts serves the owners' purposes as well as those of defendants. Defendants exercise substantial control and to a great extent their employees serve their common purposes and carry out related activities; this is enough to make them part of defendants' enterprise.

—V—

Next, defendants contend that their annual gross volume of sales was insufficient to bring them within the requirements of the Act. Defendants' answers to interrogatories established that gross rentals collected were approximately $7,700,000 in 1967 and $8,600,000 in 1968 and that gross commissions received were $434,000 in 1967 and $463,000 in 1968.

The Act defines an "[e]nterprise engaged in commerce or in the production of goods for commerce," *inter alia*, as one which:

> during the period February 1, 1967, through January 31, 1969, is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level which are separately stated) . . . and beginning February 1, 1969, in an enterprise whose annual gross volume of sales or

> business done is not less than $250,000 (exclusive of excise taxes at the retail level which are separately stated) . . . .[13]

Thus, the issue is whether defendants met the $500,000 volume requirement during the period February 1, 1967, through January 31, 1969. it is not disputed that the $250,000 requirement for the period after February 1, 1969, was satisfied.

The government argues that the entirety of the rents collected should be included in defendants' gross sales and business done for purposes of the Act; defendants contend that only their commission should be counted. We agree with the government's contention.

Decided cases settle the proposition that rental of property constitutes a "sale" within the meaning of the Act's enterprise coverage provisions. *Wirtz* v. *Savannah Bank & Trust Co.*, 362 F.2d 857 (5 Cir. 1968); *Wirtz* v. *First National Bank and Trust Company*, 365 F.2d 641 (10 Cir. 1966); *Wirtz* v. *Columbian Mutual Life Insurance Company*, 380 F.2d 903 (6 Cir. 1967). This is so because "sell" is defined by the Act as including "any sale, exchange, consignment for sale, shipment for sale, *or other disposition.*" (emphasis supplied.)[14]

The district court avoided the thrust of this proposition by holding that when rentals, i.e., "sales," were made by defendants in their capacity as agents, the measure of their volume was not gross rents (as they would be had defendants owned the buildings) but gross commissions. There is no statutory support for this distinction, and it is contrary to decided cases. The Act speaks of "any" sale—a

[13] 29 U.S.C.A. § 203(k).

[14] 29 U.S.C.A. § 213(a)(2).

characterization broad enough to include sales made in an agency capacity. The only exclusion from gross sales in the Act is for separately stated retail sales taxes. The legislative history indicates that, in fixing dollar volume tests, Congress was concerned not with an enterprise's income or profit but with its size and impact on commerce. S. Rep. 1487, 89 Cong., 2d Sess., pp. 7-8; 2 U.S. Cong. & Adm. News (1966) p. 3009. Defendants' impact on commerce would appear to be the gross volume of rents it collects, not just the amounts it is entitled to pocket. It was observed in *Wirtz* v. *First National Bank and Trust Company, supra,* 365 F.2d at 645, with regard to a management company that it "markets the property under its control by renting or leasing space to tenants. This is a 'disposition' within the statutory definition, and, we believe, conforms with the congressional intent to set a standard of size of those businesses which would be covered by the 1961 amendments."

In two cases directly in point, the Tenth and Fifth Circuits have held that the term "annual gross volume of sales" means "gross receipts" from all sales, whether made by one as agent for another or by one for his own account. *Wirtz* v. *First National Bank and Trust Company, supra; Wirtz* v. *Jernigan,* 405 F.2d 155 (5 Cir. 1968). The *First National Bank* case involved a management company which operated an office building owned by a bank. The management company had no ownership in the property and was accountable to the bank for the rentals paid to it by the tenants. Nonetheless, the court pointed out that it was the management company which "markets the property" and the court measured its "annual gross volume of sales made" by the amount of the rentals which it received rather than simply by the amounts which it deducted to cover its "management fee" and expenses.

In the *Jernigan* case, the defendant, a restaurant owner who also operated a Greyhound bus agency, argued that his annual "sales" from the bus agency were his commissions and not the ticket receipts which he transmitted to Greyhound. How sales of bus tickets should be measured was essential to a determination of whether Jernigan could avail himself of the retail establishment exemption of 29 U.S.C.A. § 213(a)(2), but the test for this exemption is the same as the test for application of the "enterprise coverage" provisions of the Act. The court held that the total proceeds from the ticket sales must be included in determining defendant's annual dollar volume of sales.

Two district court cases on facts virtually identical to those presented here have held "that gross rentals from defendant's [building] management activities must be included in determining its annual gross volume of sales made or business done." *Shultz* v. *Arnheim & Neely, Inc., supra,* ..... F.S. at .....; *Shultz* v. *Isaac T. Cooke Co., supra.*

In addition to judicial authority, the Wage-Hour Administrator has consistently ruled that the annual gross volume of a real estate management company is measured by the total rentals received from the building it operates. See Opinion Letter No. 182 (September 9, 1963), and No. 227 (January 31, 1964), 91 Wage and Hour Manual 1034c, 1024. See also, Opinon signed by the Administrator on September 28, 1967, 91 Wage and Hour Manual 1034g. As we have recently pointed out while "opinion letters are not binding on the courts they do constitute 'a body of experienced and informed judgment' which have been given considerable and in some cases decisive weight." *Shultz* v. *Hartin & Son, Inc.*, 428 F.2d 186, 191 (4 Cir. 1970).

Considering, therefore, the language of the Act, its legislative history and how it has been applied by other courts, as well as by the Wage-Hour Administrator, we conclude

that the gross rents received by defendants are the proper measure to determine whether they have met the $500,000 volume test in order to be an "enterprise engaged in commerce or in the production of goods for commerce" during the period February 1, 1967, through January 31, 1969. Defendants fall within the definition.

—VI—

Finally, defendants contend that they have no employees engaged in commerce. The enterprise concept embodied in 26 U.S.C.A. § 203(s) requires as part of the definition of "enterprise engaged in commerce" that there be "employees engaged in commerce or the production of goods for commerce, including employees handling, selling, or otherwise working on goods that have been moved in or produced for commerce by any person." It is unnecessary for the employee to whom the Act is sought to be made applicable, himself, to be engaged in commerce; it is sufficient if another employee of the enterprise is so engaged. *Maryland* v. *Wirtz*, 392 U.S. 183 (1968).

The facts stipulated by the parties in the district court include stipulations that at least two of defendants' employees at their main office in Newport News, Virginia, have been engaged in handling, preparing, mailing or otherwise working on insurance policies or other materials for transmission across state lines to each of certain named insurance companies having their offices in Pennsylvania, New Jersey, Ohio and Rhode Island. It was also stipulated that, as a regular incident of their management of rental property, employees of the buildings managed by defendants repair plumbing, heating and air conditioning units, and that substantial portions of the materials used in these activities moved across state lines. Finally, it was stipulated

that, at each of three of the apartment houses managed by defendants, at least one employee has been regularly engaged in telephone and mail communications with the owners of the buildings across state lines concerning their operation. There can be no doubt that defendants do have employees engaged in commerce. *Cf., Maryland* v. *Wirtz, supra.*

The judgment of the district court is reversed, and the case is remanded for further proceedings not inconsistent with the views expressed herein.

REVERSED and REMANDED.

APPENDIX E

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA

NEWPORT NEWS DIVISION

Civil Action No. 12-69-NN.

GEORGE P. SHULTZ, Secretary of Labor,
United States Department of Labor,

Plaintiff,

v.

E. E. FALK, Individually and as a partner in
Drucker & Faulk, et als.,

Defendants.

OPINION AND ORDER

The five individual defendants are partners engaged in business of "selling real estate and insurance and managing rental property." As a part of their activities, defendants manage or supervise numerous apartment projects under contracts with the owners. These contract rental payments "as received are deposited in an in and out account on behalf of the owner and expenses[1] are paid out of this account with the balance distributed immediately after receipt. Ownership remains with the owner and not the defendants and contractual arrangement is one of owner and rental

[1] Expenses of the project, but not of defendant.

agent."[2] All facts are stipulated, and no oral evidence was presented.

The management agreements between owners of the apartments and defendants refer to defendants as "Agent." Among other things, the agreement requires defendants to deposit the collected rents into a trust account, "separate from Agent's personal account," and Owner may require Agent to establish a separate trust account for the property. The agreement also conveys certain specific powers upon the Agent, namely to advertise the project, and make repairs and alterations. Owner agrees to hold and save Agent harmless and free from damages or injuries to persons or property, to carry liability insurance, and the agreement provides Agent is only liable for errors of judgment or mistake of fact or law if it constitutes willful misconduct or gross negligence.

The real issue is whether the gross rentals collected by defendants as Agents for the Owners of the various rental projects should be included on determining the "annual gross volume of sales made or business done." Plaintiff says yes, namely, that the total sum of all the rentals collected by defendants from the various rental projects for the Owners must be included in determining the annual gross volume of sales made or business done. Defendants say no, namely, that only the gross commissions which defendants receive from the Owners of the projects should be considered in determining the annual gross volume of sales made or business done; that the rents collected from each apartment project were the property of the Owner and only passed through defendants' hands as Agents. We are only concerned in this action with the period of February 1, 1967, through January 31, 1969, since it is agreed

[2] Stipulated in "Order on Final Pre-Trial Conference."

that even under the defendants' theory of accepting the gross commissions as the measure of the gross volume of sales made or business done as the true test, defendants after January 31, 1969, come within the economic test.

Title 29 § 203(s)(1) provides:

> "Enterprise engaged in commerce or in the production of goods for commerce" means an enterprise which has employees engaged in commerce or in the production of goods for commerce, including employees handling, selling, or otherwise working on goods that have been moved in or produced for commerce by any person, and which—
>
> > (1) during the period February 1, 1967, through January 31, 1969, is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level which are separately stated) or is a gasoline service establishment whose annual gross volume of sales is not less than $250,000 (exclusive of excise taxes at the retail level which are separately stated), and beginning February 1, 1969, is an enterprise whose annual gross volume of sales made or business done is not less than $250,000 (exclusive of excise taxes at the retail level which are separately stated).

The Act was amended in 1961 and again in 1966. The principal purpose of the 1961 amendment was to incorporate into the Act the "enterprise" theory. It likewise appears that the 1966 amendment was to clarify and define rather than extend the "gross sales test" which had been included in the 1961 amendment. This very issue is dealt with in *Wirtz* v. *Columbian Mutual Life Insurance Com-*

pany, 380 F.2d 903, 908 (6th Cir. 1967), where the Court said:

> The economic test embodied in section 3(s)(3) was changed by the Fair Labor Standards Amendments of 1966 to read "annual gross volume of sales made *or business done.*" (Emphasis added.) It is of course arguable that the purpose of the amendment was to extend coverage to enterprises which Congress had theretofore intentionally excluded by use of the narrowly defined gross sales test. However, Senate Report No. 1487, 89th Cong., 2d Sess., p. 7, U.S. Code Cong. & Admin. News 1966, p. 3002, provides:
>
> > "The phrase 'business done' has been added to the definition of 'enterprise engaged in commerce or in the production of goods for commerce' to reflect more clearly the intended meaning of the economic test of business size expressed in the present act in terms of 'annual gross volume of sales.' This test, as shown by Senate Report No. 145 * * * (and now judicially confirmed by the courts in Wirtz v. Savannah Bank & Trust Company (C.A. 5, June 27, 1966) [362 F.2d 857] and Wirtz v. Columbian Mutual Life Insurance Company, 246 F. Supp. 198), [the instant case] is intended to measure the size of an enterprise for purposes of enterprise coverage in terms of the annual gross volume in dollars * * * of the business transactions which result from activities of the enterprise, regardless of whether such transactions are 'sales' in a technical sense."
>
> Although this Report apparently goes beyond the decision herein in attributing a broad meaning to the

word "sale," it is clear that the purpose of the recent amendment was not to extend coverage but rather, to clarify the provision under consideration and to "remove any possible reason for misapprehension." It follows that the District Court correctly held that appellant's investment income should be included as part of its "annual gross volume of sales."

In this case there can be no question defendants do not own the apartment projects, nor do they control or operate them, except as Agent for the Owners; nor is the rent collected the property of defendants. These monies are to be deposited in a special trust account, and may only be comingled "in one trust account maintained by Agent for all or several clients or properties managed by Agent," [Def. Ex. 1] and Owner may even require Agent to maintain a special account for said fund. More than a debtor-creditor relationship exists. The sums to be distributed from said collections are controlled by the Owner. The rentals do not belong to defendants any more than the deposits of a bank belong to it, or the proceeds of a personal injury settlement made by a lawyer on behalf of his client belong to him, or the proceeds of a loan being closed by a lawyer for his client belong to the lawyer, or the proceeds of a sale of real estate made by an agent for his customer belong to the agent. Is a lawyer who represents a large estate and who on behalf of that estate handles the sale of stocks, bonds, real estate and other assets, collects and distributes the funds, to be charged with the gross sum collected and distributed as a part of "annual gross volume of sales made or business done?" In many places the lawyer's revenue license to do business is a tax computed on gross receipts.

Would the position of defendants be any different if the collections were deposited in a bank account in the name of

the Owner, and defendants were given authority to check on that account for the purpose of properly disbursing the funds? Or, would the situation be different if the funds were deposited in the name of Owner, and Owner drew a check to defendants for the commissions due defendants?

In *Wirtz* v. *Columbian Mutual Life Insurance Co.*, 246 F.Supp. 198 (W.D. Tenn. 1965), affirmed 380 F.2d 903 (6th Cir. 1967), the issue was whether investment income, including proceeds from sales or exchanges of stocks and bonds, interest, dividends, etc., should be included in gross sales. In determining that receipts from sales and exchanges of stocks and bonds should not be included, the Court said [246 F.Supp. 198, 204]:

> It appears to us, therefore, that we must choose between a literal application of the definition of a "sale" contained in Sec. 3(k) of the Act, and an interpretation of "annual gross volume of sales" contained in Sec. 3(s)(3) which would carry out the intention of Congress (1) that coverage depend upon the size of the business and (2) that receipts would be included which do not result from transactions that could be called a sale under the Sec. 3(k) definition. We conclude that the clear intention of Congress should prevail. Accordingly, we believe that receipts from these sales and exchanges of stocks and bonds should not be included. The fortuitous circumstance of the amount of sales or exchanges of stocks and bonds for reinvestment in a particular year would be little, if any, indication of the size of the business. Nor would, for example, the sale of the office building be such an indication. On the other hand, the amount of investment income, along with the amount of premium income, does indicate the size of a life insurance business.

In affirming the above decision, 380 F.2d 903 (6th Circuit 1967) at page 907, the Court of Appeals said:

> As the District Court noted, the legislative history of the Act reveals that "finance" companies, "whose income would certainly be interest," were intended to be embraced within the enterprise provisions of the 1961 amendments. Both the House and Senate Reports provide:
>
> > "This section [now 3(s)(3)] would provide minimum wage and overtime protection under the act for approximately 100,000 additional employees in such enterprises as wholesale trade, finance, insurance, real estate, transportation, communications, and public utilities, and business, accounting, and similar services."
>
> Senate Report p. 1650; House Report No. 75, 87th Cong., 1st Sess., p. 13. And, as indicated above, it has now been judicially established that banking enterprises are covered under the Act. While not suggesting that the operation of a bank is identical with the operating of an insurance company, it is difficult to perceive why income derived from a bank's investments should be counted as gross sales, while the investment income of an insurance company recognized as a major source of underwriters' revenue, would not similarly be included.

It is noted the term "income" is used in the determination of gross sales, and not the sale price of stocks, bonds, etc. And that Court continuing on page 908, said:

> Thus it is here determined that with respect to insurance companies as in the case of banks, where the in-

vestment of money in various manners constitutes an integral and closely related aspect of the general overall business, and the income received from such investments constitutes a regular and substantial portion of such enterprises total annual income, investment income (whether denominated investment income or not) is properly includable within the enterprises "annual gross volume of sales" as that term is used in 3(s)(3).

In *Schmidt* v. *Randall*, 160 F.Supp. 228 (D.C. Minn. 1958), and *Mitchell* v. *Carratt*, 160 F.Supp. 261 (S.D.Fla. 1956) the issue was whether the commissions from the sale of bus tickets retained by Schmidt, a hotel operator, and Carratt, a restaurant operator, as compensation for selling bus tickets for the bus line at their respective places of business or the total sales price of the tickets should be included in the gross receipts in determining the annual dollar volume of sales of goods or services. Each Court held that only the commissions received should be included, as opposed to the sales price of the tickets. To the contrary is the case of *Wirtz* v. *Jernigan*, 405 F.2d 155 (5th Cir. 1968). Defendants say that in *Jernigan* it was the owner of the "establishment" who was involved, while here defendants are not the owners of the various apartment projects.

If the Committee of Congress in preparing the amendments had intended that the sales price of all real estate sold by any real estate agent or broker or the total rental of any lease should be included in the term "annual gross volume of sales made or business done," it would have said so either directly or by example in reporting the Act to Congress for passage. It did consider the holding of the Court in *Wirtz* v. *Columbian Mutual Life Insurance Company*, 246 F.Supp. 198, referred to above, Senate Report

No. 1487, U.S. Code Congressional and Administrative News, 1966, Vol. 2, page 3002, at 3008, where at page 3009, it said:

> The phrase "business done" has been added to the definition of "enterprise engaged in commerce or in the production of goods for commerce" to reflect more clearly the intended meaning of the economic test of business size expressed in the present act in terms of "annual gross volume of sales."
>
> * * *
>
> The intent to measure the "dollar volume of sales or business" including "the gross receipts or gross business" in determining coverage of such an enterprise was expressed in the Senate report above cited at page 38. The addition of the term "business done" to the statutory language should make this intent abundantly plain for the future and remove any possible reason for misapprehension. The annual gross volume of sales made or business done by an enterprise, within the meaning of section 3(s), will thus continue to include both the gross dollar volume of the sales (as defined in sec. 3(k)) which it makes, as measured by the price paid by the purchaser for the property or services sold to him (exclusive of any excise taxes at the retail level which are separately stated), and the gross dollar volume of any other business activity in which the enterprise engages which can be similarly measured on a dollar basis. This would include, for example, such activity by an enterprise as making loans or renting or leasing property of any kind.

When it refers to "making loans or renting or leasing property of any kind" it refers to the Owner of the property

renting or leasing the same as was the case in *Wirtz* v. *Savannah Bank and Trust Company*, 362 F.2d 857, and *Wirtz* v. *Columbian Mutual, etc.*, 246 F.Supp. 198 [referred to in the Senate Report] and not the rental agent. In *Wirtz* v. *Columbian Mutual*, supra, the insurance company as owner of the building had a contract with an agent for management of the building [see 380 F.2d 903 at 905], leasing building spaces to tenants, collecting and transmitting the rents, etc. There the agent, subject to appellants approval hired the maintenance and custodial personnel of the building. There, contrary to the position here, the Secretary of Labor contended the maintenance and custodial personnel were employees of Columbian Mutual, rather than the rental agent.

Since the volume of business is one of the tests of whether a business is within the Act, it is difficult to believe Congress intended the measure of the size of the business to be the sum which passed through the business. That is, the total deposits of a bank, as opposed to its gross income; the total receipts of a brokerage firm from sale of properties of others on commission as opposed to the gross sum from sale of its services, its commissions; the total amount of a loan closed as opposed to the lawyer's gross fee; the sales price of real estate sold by a real estate agent or broker as opposed to his commissions. A real estate firm might act as agent for the sale of one parcel of land as a sales price of one million dollars in a year, with few other sales. Under the government's view, such a business, if the other requirements of the Act were met, would come within the Act.

The "gross volume of sales made or business done" is what is sold by the Agent, his services. He cannot sell for himself what is not his. What he sells of the owners he sells for the owners as the owners' agent. This then is the owner's sale. The owner corporation can only act through

agents. What would be different if one of the officers of the corporation—who as an officer is still an agent of the corporation—conducted the same activities as those conducted by defendants for the corporate owner.

While *Shultz* v. *Arnheim and Neely* (W.D. Pa. 1969), yet unreported, holds to the contrary, a reading of the background of the legislation and the briefs of counsel filed herein convinces me the better reasoning supports defendants.

Too, I am not convinced that defendants' activities constitute an enterprise within the meaning of the Act. Defendants are agents. Their activities in selling insurance, selling or renting of real estate, etc., are as agents for others. They operate one business. While they manage the various apartments, they do so as agents of the owners, and from their one establishment. The various apartment projects do not constitute separate establishments of defendants. They are but one part of the business of defendants one establishment. In keeping with *Wirtz* v. *Columbian Mutual,* supra, the managers, service employees, repairmen, etc., are employees of the project and not employees of the defendants.

Again referring to the legislative history, Senate Report No. 1487, U.S. Code Congressional and Administrative News 1966, Vol. 2, page 3002, at 3029, we find this language:

> In any case where a person other than the owner of an apartment building is engaged by the owner to perform management services in connection with the operation of the building, those individuals employed at and resident in the building as managers, caretakers, janitors, or in a similar capacity shall be considered for the purposes of this subsection employees of the building owner.

Further, one of the tests as to whether an enterprise exists by reason of defendants' activities at the various apartments is explained in the legislative history dealing with the 1961 amendment, Senate Report No. 145, U.S. Code Congressional and Administrative News 1961, Vol. 2, page 1620, at page 1661, where it is said:

> There may be a number of different types of arrangements established in such cases. The key in each case may be found in the answer to the question, "Who receives the profits, suffers the losses, sets the wages and working conditions of employees, or otherwise manages the business in those respects which are the common attributes of an independent businessman operating a business for profit?"

While the Court need not reach the issue of whether an injunction should be granted, it is appropriate to say that counsel for plaintiff in oral argument stated this was not a case where an injunction against future violations was necessary or appropriate.

For the reasons hereinabove set out, the relief sought is denied and the suit DISMISSED.

Richard B. Kellam
United States District Judge

Richmond, Virginia
January 16, 1970.

APPENDIX F

PERTINENT STATUTORY PROVISIONS

The pertinent provisions of the Fair Labor Standards Act, 29 U.S.C. 201 *et seq.*, as amended by the Fair Labor Standards Amendments of 1966, 80 Stat. 830, are set forth below, together with the language of Section 3(s)(3) as it read prior to the 1966 amendments (75 Stat. 65, 66):

[DEFINITIONS]

SEC. 3. As used in this Act—

* * *

(d) "Employer" includes any person acting directly or indirectly in the interest of an employer in relation to an employee * * *.

(e) "Employee" includes any individual employed by an employer * * *.

* * *

(g) "Employ" includes to suffer or permit to work.

* * *

(k) "Sale" or "sell" includes any sale, exchange, contract to sell, consignment for sale, shipment for sale, or other disposition.

* * *

(r) "Enterprise" means the related activities performed (either through unified operation or common control) by any person or persons for a common business purpose, and includes all such activities whether performed in one or more establishments or by one or more corporate or other organizational units including departments of an establishment operated through leas-

ing arrangements, but shall not include the related activities performed for such enterprise by an independent contractor * * *.

(s) "Enterprise engaged in commerce or in the production of goods for commerce" means an enterprise which has employees engaged in commerce, including employees handling, selling, or otherwise working on goods that have been moved in or produced for commerce by any person, and which—

(1) during the period February 1, 1967, through January 31, 1969, is an enterprise whose annual gross volume of sales made or business done is not less than $500,000 (exclusive of excise taxes at the retail level which are separately stated) or is a gasoline service establishment whose annual gross volume of sales is not less than $250,000 (exclusive of excise taxes at the retail level which are separately stated), and beginning February 1, 1969, is an enterprise whose annual gross volume of sales made or business done is not less than $250,000 (exclusive of excise taxes at the retail level which are separately stated) * * *.

Prior to the 1966 Amendments, Section 3(s) read in pertinent part as follows:

SEC. 3(s) "Enterprise engaged in commerce or in the production of goods for commerce" means any of the following in the activities of which employees are so engaged, including employees handling, selling, or otherwise working on goods that have been moved in or produced for commerce by any reason:

* * *

(3) any establishment of any such enterprise except establishments and enterprises referred to in other paragraphs in this subsection, which has employees engaged in commerce or in the production of goods for commerce if the annual gross volume of sales of such enterprise is not less than $1,000,000; * * *.